GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3821
ANSWERED ON:13.12.2002
REPORT ON BANKING SECTOR
TUFANI SAROJ

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Reserve Bank of India has issued a report `Progress and Direction 2001-2002 in Banking Sector in India`;

(b) if so, the main features or suggestions of this report;

(c) whether RBI has suggested to reconstitute management in Co- operative banks and bring the job of monitoring under one institution; and

(d) if so, the reaction of the Government on this report ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)
(a)&(b): Reserve Bank of India (RBI) has brought out the `Report on Trendand Progress of Banking in India 2001-02` in November, 2002. The Reportgives a detailed account of the performance of commercial banks, co- operative banks, financial institutions and non-banking financial companies. It also provides information on developments in the policy environment and in the regulatory and supervisory frame-work applicable to these financial entities. An overview of the policy initiative undertaken in the banking sector during 2001-02 and a perspective on strengthening of prudential norms and introduction of structural changes designed to improve the efficiency of the banking system also forms part of the report.
(c)&(d): RBI had submitted a proposal to Central Government for setting upan exclusive apex body for the supervision of urban cooperative banks (UCBs) in view of duality of control prevailing in cooperative bankingsector. The proposal was examined by the Government and it was felt that without legislative changes in the State Cooperative SocietiesActs of various states to bring it in tune with the Model Cooperative Societies Actrecommended by Ch. Brahm Perkash Committee, apex supervisory body assuggested would suffer from similar handicap that RBI suffers today. The efforts of the Central Government are, therefore, directed towards convincing State Governments to amend their State Cooperative SocietiesAct. With this background, Central Government has announced in the Union Budget to usher reform in cooperative banking sector and has made aprovision of Rs.100 crore to incentivise reforms and revitalize the cooperative banking sector.